

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: May 7, 2009
POSITION: Oppose

BILL NUMBER: AB 978
AUTHOR: M. Perez

BILL SUMMARY: Online State Permit and License Development

This bill requires the State Chief Information Officer (CIO) to work in collaboration with the Secretary of State (SOS) and the Secretary of Consumer Services (SCS) to develop an online master application for businesses to file for state permits and licenses. The CIO may delegate the development of the actual application to a state agency.

The CIO shall do the following:

- Establish the requirements for the application.
- Define the resource requirements and proposed solution.
- Consult with state agencies to ensure that proposals are based on needs, have identified benefits, and that feasible alternatives have been considered for businesses that apply for multiple state licenses and permits.
- Ensure that boards and commissions have technical assistance to use and maintain the application.

FISCAL SUMMARY

This bill could have a significant one-time and annual fiscal impact to the CIO, SCS, and SOS. One-time costs may exceed several million dollars and annual costs may be in the hundreds of thousands of dollars.

The author's office referred inquiries regarding this bill to the Assembly Committee on Jobs, Economic Development and the Economy (JED&E). The JED&E Committee envisions funding to be based on licensing fees and have no General Fund impact. However, the specific funding structure has yet to be determined.

COMMENTS

The Department of Finance is opposed to this bill because the development and maintenance costs of the required online master application are unknown and the funding structure is undefined.

The JED&E Committee read the bill as applying to only the SOS and the SCS. Many other state agencies issue licenses and permits that may be excluded from this bill. For instance, all businesses selling or leasing tangible property must obtain a Seller's Permit from the Board of Equalization, and the Department of Pesticide Regulation provides licensing or certification of those selling, possessing, using, applying, and recommending the use of pesticides.

While the actual fiscal impact is unknown, the following comments are intended to provide insight into the cost associated with this bill.

Analyst/Principal (0827) R. Gillihan	Date	Program Budget Manager Diana Ducay	Date
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Department Deputy Director	Date
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Governor's Office:	By:	Date:	Position Approved _____
			Position Disapproved _____

BILL ANALYSIS	Form DF-43 (Rev 03/95 Buff)
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- The CIO recently granted approval to the Department of Consumer Affairs to initiate an enterprise licensing and enforcement system. One-time cost is estimated at \$17.6 million and annual maintenance and operations cost is estimated at \$10 million.
- The CalGOLD web site is operated by the California Environmental Protection Agency. It assists in providing businesses the information they need to comply with environmental and other regulatory and permitting requirements. It does not process permits or licenses.
- The State of Michigan operates the Michigan Business One Stop. The web site provides information from licensing and permits to tax registration and unemployment insurance, but does not process permits or licenses. Michigan reports that it spent approximately \$4.5 million on this effort through March 2009, when it launched the web site. Michigan continues to work on functionality for professional licensing, permits, and the possibility to connect with local governments.
- As of January 13, 2010, the CIO reports they are analyzing the fiscal impact and have not yet taken a position on this bill. The Department of Consumer Affairs also reports they have not taken a position on this bill.

		SO	(Fiscal Impact by Fiscal Year)						
Code/Department	LA	(Dollars in Thousands)							
Agency or Revenue	CO	PROP							Fund
Type	RV	98	FC	2009-2010	FC	2010-2011	FC	2011-2012	Code
0502/Chief Info	SO	No	-----	See Fiscal Summary	-----				0494
0502/Chief Info	SO	No	-----	See Fiscal Summary	-----				0988
0510/Secty SCS	SO	No	-----	See Fiscal Summary	-----				0494
0510/Secty SCS	SO	No	-----	See Fiscal Summary	-----				0988
0890/Secty State	SO	No	-----	See Fiscal Summary	-----				0494
0890/Secty State	SO	No	-----	See Fiscal Summary	-----				0988
<u>Fund Code</u>	<u>Title</u>								
0494	Other - Unallocated Special Funds								
0988	Other - Unallocated NGC Funds								